



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

BOOK REVIEWS

Income Tax Procedure 1920. By Robert H. Montgomery. New York, The Ronald Press, 1920. pp. xii, 1282. *Excess Profits Tax Procedure.* By Robert H. Montgomery. New York, The Ronald Press, 1920. pp. vi, 351.

These two volumes constitute what is in reality a new edition—the fourth—of the author's work on Income Tax Procedure, which has appeared each year since 1917 and has been of invaluable assistance in preparing income tax returns. The intricacies of the excess profits tax have made it desirable that a separate volume be devoted to that uncharted field.

The author has preëminent qualifications for his task. Attorney-at-law, an accountant who has been president of the American Association of Public Accountants and is Professor of Accounting at Columbia, author of a valuable book on auditing, and consulting expert on income taxation, his experience and his previous studies upon this subject make him a leading authority. As might be expected these volumes are eminently practical. The layman who prepares his own return, as well as the lawyer who works for others, cannot feel he has adequately prepared himself for his task until he has availed himself of all the suggestions which Montgomery may have. For, take it all in all, these are about the best and most useful practical guides in existence on this subject.

A single example of the practical help here afforded the taxpayer will suffice. The ordinary taxpayer makes perhaps his greatest mistake in failing to avail himself of proper depreciation allowances. It is a difficult question to know when and how much depreciation may be claimed. But here is practically a dictionary of suggested depreciation rates for different forms of property. And the rates suggested are backed by arguments and by such authority as is available, so that the taxpayer may have something to sustain his claim before the government officials.

While the emphasis may well be placed upon the practical utility of the work, it is surprising how much theoretical discussion had been made possible. Thus the discussion of the taxability of realized increases in value of capital items [see (1920) 29 YALE LAW JOURNAL, 735], with conclusions substantiated by British practice, is especially commendable. And in such subjects as the taxability of stock dividends the author anticipated the arguments and decision of the United States Supreme Court.

From his experience Mr. Montgomery has ventured some assertions as to the proper plan of taxation in the future. We may well agree with his plea for a better regulation of government expenditures which should lead to a reduction in the rate of income taxation. So, too, his arguments against the cumbersome and unequal excess-profits tax are sound. But it seems apparent at the present time that if any elimination of taxes is made, there must be a substitution of other forms of taxes, since it is undesirable for the government to reduce its revenues in the face of its present obligations. It is true that any extended tinkering with federal taxes now would be very nearly a calamity, and yet certain changes are necessary. It may be hoped that the change will not be towards that present panacea of politicians, the sales tax. The soundest plan for change appears to be that advocated by Professor T. S. Adams in a series of articles appearing recently in the New York Evening Post.¹ In brief he urges a prompt settlement and collection of taxes unpaid because of errors in returns previously filed, an increase in taxes upon certain non-essentials, an assimilation of corporation taxes to that of individuals by abolition of the excess-profits tax and substitution of a tax

¹ Reprinted under the title, *Needed Tax Reform in the United States* (1920).

upon the undistributed profits of a corporation, and then a moderate increase in the lower income tax rates.² In fact, it may well be desirable to eliminate a separate income tax upon corporations altogether, and substitute therefor a tax upon each stockholder's share in the corporate income, distributed and undistributed.³ It is to be hoped that the recent dictum of the Supreme Court casting doubt upon the constitutionality of such a course⁴ will not stand in the way of what seems after all the only fair method of eliminating inequalities of taxation between corporations, partnerships, and individuals.

The books appear in attractive form in flexible red leather binding. A desirable feature is the reproduction of all the important forms. Many will also find desirable the section dealing in some detail with the New York Income Tax, though, to those of us who do not live in the Empire State, the inclusion of a discussion of such a local law to swell an already large work seems hardly justified.

CHARLES E. CLARK

Yale University.

Occasional Papers and Addresses of an American Lawyer. By Henry W. Taft. New York, The Macmillan Co., 1920. pp. xxiii, 331.

There is much that in its character or form is occasional, which deserves to be classed as permanent. Thoughts well expressed in a public address often gain more than they lose by being, later, embedded in a book. This collection is of that nature. It covers a variety of subjects, but all have some bearing on law and government.

John Marshall is one of Mr. Taft's heroes, and his great work is thus described (p. 18):

"Until Marshall, as a Justice of the Supreme Court, began his career, the Constitution was no more a living organism than the constitutions of Mexico or some of the Latin-American republics of South America, whose mere words are equally admirable. An interpretation less statesmanlike than his might have made the clauses of the Constitution little more than futile rhetoric."

Considerable space is given to a discussion of Bolshevism. The author sees no good in it.

"The fundamental principles upon which Bolshevism is based are irreconcilably at war with the Anglo-Saxon idea of civil liberty, because they are predicated upon inequality of opportunity of citizens, deprivation of personal and property rights, and cruel and oppressive despotism.

"However much we may sympathize with the Russian people so long as they are forced to tolerate the soviet form of government, their government must of necessity be at war with the social, industrial, and political institutions of every other government on earth. The constitution and decrees under which the Executive Committee of the All-Russian Soviet Government acts are themselves a declaration of war against every nation on earth, because they assert the necessity of overthrowing every existing government. They preclude diplomatic relations; they compel the expulsion or effective surveillance of so-called diplomatic representatives that the Soviet Republic may send out, and they require the complete suspension of all commercial and financial relations with the government and the people." (p. 111) . . .

"Forceful government repression of Bolshevik propaganda will undoubtedly be necessary. But our democratic institutions are not well adapted to the eradication by such means of agitation, even when it is seditious. We must not neglect other defensive measures, such as the education of the people as to the character

² He also urges a constitutional amendment giving power to tax income from state and municipal securities. See discussion in COMMENTS (1920) 30 YALE LAW JOURNAL, 75.

³ See discussion in Clark, *Eisner v. Macomber* (1920) 29 YALE LAW JOURNAL, 735, 741-744.

⁴ *Eisner v. Macomber* (1920) 40 Sup. Ct. 189. See (1920) 29 YALE LAW JOURNAL, 742, 744.